

REFERENCE TITLE: special districts; secondary levy limits

State of Arizona
Senate
Forty-ninth Legislature
First Regular Session
2009

SB 1421

Introduced by
Senator Waring

AN ACT

AMENDING SECTIONS 42-17001, 42-17003, 42-17004, 42-17005, 42-17052, 42-17054, 42-17055 AND 48-807, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-808; AMENDING SECTIONS 48-1104, 48-3903, 48-4023, 48-4023.01 AND 48-5805, ARIZONA REVISED STATUTES; RELATING TO SECONDARY PROPERTY TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-17001, Arizona Revised Statutes, is amended to
3 read:

4 42-17001. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Commission" means the property tax oversight commission
7 established by section 42-17002.

8 2. "Political subdivision" means a county, charter county, city,
9 charter city, town or community college district.

10 3. "SPECIAL TAXING DISTRICT" MEANS:

11 (a) A FIRE DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 5.

12 (b) A COUNTY TELEVISION IMPROVEMENT DISTRICT ESTABLISHED PURSUANT TO
13 TITLE 48, CHAPTER 7.

14 (c) A COUNTY FREE LIBRARY DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
15 CHAPTER 24.

16 (d) A COUNTY JAIL DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
17 CHAPTER 25.

18 (e) A SPECIAL HEALTH CARE DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
19 CHAPTER 31.

20 (f) A PUBLIC HEALTH SERVICES DISTRICT ESTABLISHED PURSUANT TO TITLE
21 48, CHAPTER 33.

22 Sec. 2. Section 42-17003, Arizona Revised Statutes, is amended to
23 read:

24 42-17003. Duties

25 A. The commission shall:

26 1. Establish procedures for deriving the information required by
27 sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

28 2. Review the primary property tax levy of each political subdivision
29 to determine violations of sections 15-905.01, 15-1461.01 and 42-17107 and
30 article 2 of this chapter.

31 3. REVIEW THE SECONDARY PROPERTY TAX LEVY OF EACH SPECIAL TAXING
32 DISTRICT TO DETERMINE VIOLATIONS OF SECTIONS 48-807, 48-1104, 48-3903,
33 48-4023, 48-4023.01, 48-5565 AND 48-5805.

34 ~~3-~~ 4. Review the reports made by the department concerning valuation
35 accuracy.

36 ~~4-~~ 5. Hold hearings to determine the adequacy of compliance with
37 articles 2 and 3 of this chapter.

38 ~~5-~~ 6. Upon the request of a county, city, town or community college
39 district, hold hearings as prescribed in section 42-17004 regarding the
40 calculation of the maximum allowable primary property tax levy limits
41 prescribed in section 42-17051, subsection A.

42 B. If the commission determines that a political subdivision has
43 violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this
44 chapter, OR THAT A SPECIAL TAXING DISTRICT HAS VIOLATED SECTION 48-807,
45 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805, then on or before

September 15 the commission shall notify the political subdivision ~~OR DISTRICT~~, and the county board of supervisors, in writing, of:

1. The nature of the violation.
2. The necessary adjustment to:

(a) The primary property tax levy and tax rate to comply with section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter.

(b) ~~THE SECONDARY PROPERTY TAX LEVY AND TAX RATE TO COMPLY WITH SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805.~~

Sec. 3. Section 42-17004, Arizona Revised Statutes, is amended to read:

42-17004. Hearing and appeals of commission findings

A. If the commission notifies a political subdivision of a violation of section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, ~~OR NOTIFIES A SPECIAL TAXING DISTRICT OF A VIOLATION OF SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805,~~ and the political subdivision ~~OR DISTRICT~~ disputes the commission's findings, then on or before October 1 the political subdivision ~~OR DISTRICT~~ may request a hearing before the commission to attempt to resolve the dispute.

B. A governing ~~board~~ BODY of a county, city, town, ~~or~~ community college district ~~OR SPECIAL TAXING DISTRICT~~ may request a hearing before the commission regarding the calculation of the maximum allowable primary ~~OR SECONDARY~~ property tax levy limits prescribed in section 42-17051, ~~48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805.~~ The commission may resolve any disputes.

C. The commission shall conduct the hearing as prescribed in title 41, chapter 6, article 10.

D. If the dispute is resolved at the hearing, the commission shall immediately notify the county board of supervisors of the proper primary ~~OR SECONDARY~~ tax levy and tax rate.

E. If a political subdivision ~~OR SPECIAL TAXING DISTRICT~~ continues to dispute the commission's findings after the hearing under this section, the political subdivision ~~OR DISTRICT~~ may:

1. Appeal the matter to tax court within thirty days after the commission renders the decision.

2. Levy primary ~~OR SECONDARY~~ property taxes in the amount that the political subdivision ~~OR DISTRICT~~ considers to be proper, pending the outcome of the appeal.

Sec. 4. Section 42-17005, Arizona Revised Statutes, is amended to read:

42-17005. Adjustments to levy

A. If a governing body of a political subdivision ~~OR A SPECIAL TAXING DISTRICT~~ receives written notice of a violation of its allowable levy limit or truth in taxation limit under section 42-17003, and has not appealed the commission's decision pursuant to section 42-17004, the governing body shall correct its ~~primary~~ property tax levy and tax rate to properly reflect the

allowable levy for the current year. The county board of supervisors shall make the necessary adjustments to the political subdivision's ~~OR DISTRICT'S~~ ~~primary~~ property tax levy and tax rate to ensure that the corrected information is contained in the assessment and tax roll that is transmitted to the county treasurer pursuant to section 42-18003. If the governing body receives the notice after it is too late to correct the levy in the current year, the difference between the amount actually levied and the allowable ~~primary~~ property tax levy shall be set aside in a special fund and used to reduce the ~~primary~~ property taxes levied in the following year.

B. If, after a hearing under section 42-17004, the commission determines that errors were made in the calculation of the maximum allowable primary property tax levy limit pursuant to section 42-17051, subsection A, ~~OR SECONDARY PROPERTY TAX LEVY LIMIT PURSUANT TO SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805~~, the commission shall have five days to notify the governing ~~board-of-a~~ BODY OF THE county, city, town, ~~or~~ community college district OR SPECIAL TAXING DISTRICT of the corrected levy limit. The commission shall also notify the county board of supervisors within five days. The corrected maximum allowable primary property tax levy shall be used in section 42-17051, subsection A, paragraph 1 in determining the following year's levy limit. ~~THE CORRECTED MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL BE USED IN SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805 IN DETERMINING THE FOLLOWING YEAR'S LEVY LIMIT.~~

C. If, after a hearing under section 42-17004, it is impossible for the board of supervisors to correct a property tax levy in the current year, the political subdivision OR SPECIAL TAXING DISTRICT shall hold the difference between the amount the political subdivision OR DISTRICT actually levied and the allowable ~~primary~~ property tax levy prescribed by the commission in a separate fund to be used to reduce the ~~primary~~ property taxes levied by the political subdivision OR DISTRICT in the following year.

D. If the commission discovers that it has made an error in computing the levy limit after September 15, it shall notify the political subdivision's OR SPECIAL TAXING DISTRICT'S governing body about the error. The error shall be corrected as prescribed in subsection A of this section. If the error results in the maximum allowable ~~primary~~ property tax levy being raised: ~~—~~

1. The corrected maximum allowable primary property tax levy shall be used in section 42-17051, subsection A, paragraph 1 in determining the following year's levy limit.

2. ~~THE CORRECTED MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL BE USED FOR THE PURPOSES OF SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805 IN DETERMINING THE FOLLOWING YEAR'S LEVY LIMIT.~~

E. If, on appeal under section 42-17004, subsection E, the ruling of the court provides for a ~~primary~~ property tax levy in an amount that is less

than the amount levied by the political subdivision OR SPECIAL TAXING DISTRICT, the political subdivision OR DISTRICT shall hold the difference between the amounts in a separate fund to be used to reduce the primary property taxes levied by the political subdivision OR DISTRICT in the following year.

Sec. 5. Section 42-17052, Arizona Revised Statutes, is amended to read:

42-17052. Values furnished by county assessor

A. On or before February 10 of the tax year, the county assessor shall transmit and certify to the property tax oversight commission and to the governing body of the political subdivision or district in the county the values that are required to compute the levy limit prescribed by section SECTIONS 42-17051, 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 AND 48-5805. For the purposes of this section, these values shall not be changed for the official calculation of levy limits and tax rates after February 10 without the approval of the property tax oversight commission. These values shall include:

1. The finally equalized valuation of all property, less estimated exemptions, appearing on the tax roll for the current tax year to be used to fix, levy and assess the political subdivision's taxes.

2. The value of the property on the personal property tax roll determined pursuant to section 42-17053.

B. On or before February 10 of the tax year, the county assessor shall determine the limited property value for the current tax year of each school district in the county and shall transmit the values to the county school superintendent to assist the superintendent in computing equalization assistance for education as provided in section 15-991.

C. On or before February 10 of the tax year, the county assessor shall transmit to the staff of the joint legislative budget committee and to the governor's office of strategic planning and budgeting the values that are required to compute the truth in taxation rates prescribed by section 41-1276.

Sec. 6. Section 42-17054, Arizona Revised Statutes, is amended to read:

42-17054. Levy limit worksheet

A. When the county assessor transmits valuations under section 42-17052, the assessor shall prepare and transmit a final levy limit worksheet to each city, town and community college district that imposes a primary property tax, TO EACH SPECIAL TAXING DISTRICT THAT IMPOSES A SECONDARY PROPERTY TAX and to the property tax oversight commission.

B. Each city, town, and community college district AND SPECIAL TAXING DISTRICT shall notify the property tax oversight commission in writing within ten days of its agreement or disagreement with the final levy limit worksheet.

1 Sec. 7. Section 42-17055, Arizona Revised Statutes, is amended to
2 read:

3 42-17055. Public inspection of values used in computing levy
4 limitation

5 A. On or before February 15 of the tax year, the governing body of
6 each county, city, town, ~~and~~ community college district **AND SPECIAL TAXING**
7 **DISTRICT** shall make available for public inspection the values determined in
8 each numbered paragraph of section 42-17051, subsection A **AND IN SECTIONS**
9 **48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 AND 48-5805.**

10 B. The property tax oversight commission shall not alter the values
11 that have been determined and made available for public inspection under this
12 section unless the county assessor transmits and certifies new values to the
13 governing body. The new values shall be made available for public inspection
14 on the request of any individual.

15 Sec. 8. Section 48-807, Arizona Revised Statutes, is amended to read:
16 48-807. County fire district assistance tax; annual budget

17 A. The board of supervisors of a county shall levy, at the time of
18 levying other property taxes, a county fire district assistance tax on the
19 taxable property in the county of not more than ten cents per one hundred
20 dollars of assessed valuation. The tax levy provided for in this subsection
21 shall be a levy of secondary property taxes and shall not be subject to title
22 42, chapter 17, article 2. The county treasurer shall pay to each fire
23 district, including a fire district formed pursuant to section 48-851, in the
24 county from the proceeds of the tax an amount equal to twenty per cent of the
25 property tax levy adopted by the district for the fiscal year in which the
26 tax will be levied, except that:

27 1. The amount of assistance from the county to a fire district shall
28 be reduced as follows:

29 (a) By the dollar amount that the fire district receives from the fire
30 district assistance tax that exceeds three hundred thousand dollars from and
31 after June 30 of each fiscal year.

32 (b) Except as provided in paragraph 2 **OF THIS SUBSECTION**, if the total
33 amount to be paid to all districts in the county under this paragraph exceeds
34 the amount to be raised by the levy of ten cents per one hundred dollars
35 assessed valuation, then the county treasurer shall pay an amount less than
36 twenty per cent of the property tax levy of each district. The amount to be
37 paid by the county treasurer to each district shall be determined by
38 multiplying the proceeds of the county fire district assistance tax against
39 the proportion that twenty per cent of the property tax levy of each district
40 bears to the total of twenty per cent of the property tax levies of all fire
41 districts in the county.

42 2. For fiscal years beginning from and after July 1, 1992, the amount
43 of assistance from the county to a fire district shall not be less than the
44 assistance provided from and after June 30, 1991 through June 30, 1992, if,
45 for the fiscal year in which the tax will be levied, the district levies a

1 tax, in addition to any tax levied under section 48-806, of three dollars per
2 one hundred dollars of assessed valuation and the assessed valuation is at
3 least ninety per cent of the assessed valuation for the 1991 tax year. This
4 paragraph does not apply to fire districts subject to paragraph 1,
5 subdivision (a) **OF THIS SUBSECTION.**

6 B. For the purpose of subsection A of this section, the property tax
7 levy of the fire district shall include in lieu contributions pursuant to
8 chapter 1, article 8 of this title but shall not include property tax levies
9 to be applied to the payment of principal and interest on bonds issued
10 pursuant to section 48-806.

11 C. Notwithstanding subsection A of this section, if two or more fire
12 districts merge to form a consolidated district, the last amount received by
13 each fire district from the fire district assistance tax prior to the merger
14 shall be combined, and if the combined amount exceeds three hundred thousand
15 dollars, the consolidated district may continue to receive that amount from
16 the fire district assistance tax.

17 D. If two or more fire districts merge to form a consolidated district
18 and the total of the amounts received by each fire district from the fire
19 district assistance tax is less than three hundred thousand dollars, the
20 consolidated district may continue to receive monies until its receipts total
21 three hundred thousand dollars, as prescribed in subsection A of this
22 section.

23 E. Not more than ten days after the perfection of the organization of
24 a fire district, and thereafter not later than August 1 of each year, the
25 chief and the secretary-treasurer of the district, or if there is a district
26 board, the chairman of the board, shall submit to the board of supervisors an
27 estimate, certified by items, of the amount of money required for the
28 equipment and maintenance of the district for the ensuing year.

29 F. The board, based on the budget submitted by the district, shall
30 levy, in addition to any tax levied as provided in section 48-806 **AND SUBJECT**
31 **TO THE LIMITATION PRESCRIBED BY SUBSECTION G OF THIS SECTION,** a tax not to
32 exceed three dollars twenty-five cents per one hundred dollars of assessed
33 valuation against all property situated within the district boundaries and
34 appearing on the last assessment roll. The levy shall be made and the taxes
35 collected in the manner, at the time and by the officers provided by law for
36 the collection of general county taxes.

37 **G. THE AMOUNT OF THE LEVY UNDER SUBSECTION F OF THIS SECTION SHALL BE**
38 **THE GREATER OF THE AMOUNT OF THE LEVY IN THE PRECEDING TAX YEAR MULTIPLIED BY**
39 **1.05 OR AN AGGREGATE AMOUNT COMPUTED AS FOLLOWS FOR TAX YEAR 2009 AND EACH**
40 **TAX YEAR THEREAFTER:**

41 **1. DETERMINE THE MAXIMUM ALLOWABLE LEVY FOR THE DISTRICT FOR THE**
42 **PRECEDING TAX YEAR.**

43 **2. MULTIPLY THAT AMOUNT BY 1.02.**

44 **3. DETERMINE THE ASSESSED VALUE FOR THE CURRENT TAX YEAR OF ALL**
45 **PROPERTY IN THE DISTRICT THAT WAS SUBJECT TO TAX IN THE PRECEDING TAX YEAR.**

4. DIVIDE THE DOLLAR AMOUNT DETERMINED IN PARAGRAPH 3 OF THIS SUBSECTION BY ONE HUNDRED AND DIVIDE THE DOLLAR AMOUNT DETERMINED IN PARAGRAPH 2 OF THIS SUBSECTION BY THE RESULTING QUOTIENT. THE RESULT, ROUNDED TO FOUR DECIMAL PLACES, IS THE MAXIMUM ALLOWABLE TAX RATE FOR THE DISTRICT.

5. DETERMINE THE FINALLY EQUALIZED VALUATION OF ALL PROPERTY, LESS EXEMPTIONS, APPEARING THE TAX ROLL FOR THE CURRENT TAX YEAR, INCLUDING AN ESTIMATE OF THE PERSONAL PROPERTY TAX ROLL DETERMINED PURSUANT TO SECTION 42-17053.

6. DIVIDE THE DOLLAR AMOUNT DETERMINED IN PARAGRAPH 5 OF THIS SUBSECTION BY ONE HUNDRED AND THEN MULTIPLY THE RESULTING QUOTIENT BY THE RATE DETERMINED IN PARAGRAPH 4 OF THIS SUBSECTION.

7. THE ALLOWABLE LEVY OF SECONDARY PROPERTY TAX FOR THE CURRENT TAX YEAR FOR ALL FIRE DISTRICTS IS THE MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY MINUS ANY AMOUNTS REQUIRED TO REDUCE THE LEVY PURSUANT TO SUBSECTION I OF THIS SECTION.

H. IF THE DISTRICT ANNEXES ADDITIONAL TERRITORY, THE LIMIT UNDER SUBSECTION G OF THIS SECTION SHALL BE ADJUSTED BY APPLYING THE DISTRICT'S TAX RATE TO THE ASSESSED VALUATION OF THE ANNEXED PROPERTY IN THE PRECEDING TAX YEAR. IF DISTRICTS ARE MERGED OR CONSOLIDATED UNDER THIS CHAPTER, THE LIMITATION UNDER THIS SUBSECTION IN THE FIRST YEAR AFTER THE DISTRICTS ARE MERGED OR CONSOLIDATED IS THE TOTAL OF THE LEVIES OF THE MERGED OR CONSOLIDATED DISTRICTS IN THE PRECEDING TAX YEAR MULTIPLIED BY 1.05 OR THE AMOUNT OF THE LEVIES ALLOWED BY THE MAXIMUM RATE PRESCRIBED BY SUBSECTION F OF THIS SECTION, WHICHEVER IS LESS.

I. THE DISTRICT SHALL MAINTAIN ANY PROPERTY TAX REVENUES COLLECTED IN EXCESS OF THE SUM OF THE AMOUNTS OF TAXES COLLECTIBLE PURSUANT TO SECTION 42-17054 AND THE ALLOWABLE LEVY DETERMINED UNDER SUBSECTION G OF THIS SECTION IN A SEPARATE FUND AND USED TO REDUCE THE PROPERTY TAX LEVY IN THE FOLLOWING TAX YEAR. TAX REVENUES THAT ARE ATTRIBUTABLE TO THE PAYMENT OF DELINQUENT TAXES THAT WERE PROPERLY ASSESSED IN PRIOR YEARS SHALL NOT BE APPLIED TO REDUCE THE LEVY IN THE FOLLOWING YEAR.

J. THE LEVY LIMIT UNDER THIS SECTION IS CONSIDERED TO BE INCREASED EACH YEAR TO THE MAXIMUM LIMIT PERMISSIBLE UNDER SUBSECTION G OF THIS SECTION REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES TAXES UP TO THE MAXIMUM PERMISSIBLE AMOUNT IN THAT YEAR.

~~G.~~ K. The county treasurer shall keep the money received from taxes levied pursuant to subsection F of this section in a separate fund known as the "fire district fund" of the district for which collected. Any surplus remaining in the fund at the end of the fiscal year shall be credited to the fire district fund of the district for which collected for the succeeding fiscal year.

~~H.~~ L. When a fire district has adopted a budget and the board of supervisors has levied a fire district tax as provided in subsection F of this section and the district has insufficient money in its fund with the

county treasurer to operate the district, the elected chief and the secretary-treasurer, or if there is a district board, the chairman of the board, on or after August 1 of each year, may draw warrants for the purposes prescribed in section 48-805 on the county treasurer, payable on November 1 of that year or on April 1 of the succeeding year. The aggregate amounts of the warrants may not exceed ninety per cent of the taxes levied by the county for the district's current fiscal year. If the treasurer cannot pay a warrant for lack of funds in the fire district fund, the warrant shall be endorsed, be registered, bear interest and be redeemed as provided by law for county warrants, except that the warrants are payable only from the fire district fund.

Sec. 9. Title 48, chapter 5, article 1, Arizona Revised Statutes, is amended by adding section 48-808, to read:

48-808. Fire district secondary property tax override

A. THE DISTRICT BOARD OR THE ELECTED CHIEF AND SECRETARY-TREASURER MAY ORDER AN ELECTION BY THE QUALIFIED ELECTORS OF THE DISTRICT TO AUTHORIZE A SECONDARY PROPERTY TAX LEVY THAT EXCEEDS THE LIMITATIONS ON SECONDARY PROPERTY TAXATION OTHERWISE PRESCRIBED BY SECTION 48-807, SUBSECTION G. IF THE DISTRICT IS GOVERNED BY A BOARD OF DIRECTORS, THE BOARD MUST ADOPT A RESOLUTION, BY MAJORITY VOTE OF THE BOARD MEMBERS, TO ORDER THE ELECTION UNDER THIS SECTION. THE AUTHORIZATION OF ADDITIONAL SECONDARY PROPERTY TAXES UNDER THIS SECTION IS SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

1. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

2. THE RATE OF TAXATION UNDER THIS SECTION, PLUS THE RATE OF TAXATION UNDER SECTION 48-807, SHALL NOT EXCEED THE MAXIMUM ALLOWABLE RATE PRESCRIBED BY SECTION 48-807, SUBSECTION F.

B. THE CALL OF THE ELECTION MUST STATE:

1. THE PURPOSE FOR REQUESTING ADDITIONAL SECONDARY PROPERTY TAX REVENUE FOR THE DISTRICT.

2. IF THE VOTERS APPROVE THE LEVY:

(a) THE MAXIMUM DOLLAR AMOUNT OF SECONDARY PROPERTY TAX THAT MAY BE COLLECTED IN THE FIRST YEAR COMPARED TO THE EXISTING MAXIMUM SECONDARY PROPERTY TAX LEVY PRESCRIBED IN SECTION 48-807, SUBSECTION G.

(b) THE ESTIMATED SECONDARY PROPERTY TAX RATE TO FUND THE PROPOSED LEVY UNDER SUBDIVISION (a) IN THE FIRST TAX YEAR COMPARED TO THE SECONDARY PROPERTY TAX RATE LEVIED IN THE PREVIOUS YEAR.

Sec. 10. Section 48-1104, Arizona Revised Statutes, is amended to read:

48-1104. Financial statement; levy and collection of taxes; limitation

A. On or before July 1 each year the board of directors shall prepare a full and complete statement of the financial affairs of the district for the preceding fiscal year and an estimate of the amount of money necessary to

1 be raised to defray district expenses during the next fiscal year. The
2 estimate shall be fully itemized and take into account any deficit or surplus
3 from the preceding fiscal year.

4 B. The board shall certify the estimate, and at the time county taxes
5 are levied the board of supervisors shall levy a tax sufficient to raise the
6 amount of the estimate **NOT TO EXCEED THE LIMITATION AS PRESCRIBED BY**
7 **SUBSECTION C OF THIS SECTION.** The taxes shall be assessed, levied and
8 collected in the same manner as county taxes.

9 C. **BEGINNING IN TAX YEAR 2009, THE MAXIMUM AMOUNT OF A LEVY UNDER**
10 **SUBSECTION B OF THIS SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN THE**
11 **PRECEDING TAX YEAR, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF**
12 **CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR**
13 **THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION**
14 **42-17051. THE LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR**
15 **TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY**
16 **LEVIES THAT AMOUNT.**

17 Sec. 11. Section 48-3903, Arizona Revised Statutes, is amended to
18 read:

19 **48-3903. Tax levies; limitation**

20 A. The board of directors, after a county free library is established,
21 ~~shall~~ **MAY** annually levy in the same manner and at the same time as other
22 county secondary property taxes are levied a county free library district tax
23 sufficient to establish the district and to ~~insure~~ **ENSURE** the payment of
24 salaries, maintenance and upkeep and other necessary expenses of the county
25 free library district.

26 B. The tax shall be levied and collected upon all property in the
27 county and upon all property within incorporated cities and towns in the
28 county.

29 C. **BEGINNING IN TAX YEAR 2009, THE MAXIMUM AMOUNT OF A LEVY UNDER THIS**
30 **SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN THE PRECEDING TAX YEAR,**
31 **ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY**
32 **LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH**
33 **THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE**
34 **LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR TO THE MAXIMUM**
35 **PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT**
36 **AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31, 2008,**
37 **THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT AS APPROVED BY**
38 **THE BOARD OF DIRECTORS PURSUANT TO THIS SECTION.**

39 Sec. 12. Section 48-4023, Arizona Revised Statutes, is amended to
40 read:

41 **48-4023. Property tax levy; limitation**

42 A. If a majority of the qualified electors voting at an election held
43 pursuant to section 48-4021 ~~approves~~ **APPROVE** a county jail district ad
44 valorem property tax, on or before the third Monday in August each year the
45 district shall certify to the county board of supervisors the amount of taxes

1 to be levied for the taxable year on the taxable property in the district
2 which, together with unexpended balances carried forward from the previous
3 fiscal year and revenues from all other sources, is necessary to pay the
4 maintenance and operation expenses of the district in carrying out the
5 objects and purposes of this chapter.

6 B. The board of supervisors shall levy a secondary property tax on the
7 taxable property in the district, at the same time and in the same manner as
8 county taxes are levied, sufficient to provide the amount certified under
9 subsection A of this section, but the tax ~~rate~~ is limited to, and shall not
10 exceed in any event, ~~THE LESSER OF:~~

11 1. Twenty cents per one hundred dollars of assessed valuation, except
12 as provided in subsection ~~D~~ E of this section.

13 2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY IN THE PRECEDING
14 TAX YEAR, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN
15 THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY
16 IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051.
17 THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE
18 MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES
19 THAT AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31,
20 2008, THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT AS
21 APPROVED BY THE QUALIFIED ELECTORS PURSUANT TO SECTION 48-4021.

22 C. The tax revenues collected pursuant to this section shall be paid
23 to the district treasurer and deposited in the county jail district general
24 fund and used solely for the purposes for which they were collected.

25 ~~E~~ D. The tax shall be levied on all of the taxable property in the
26 district.

27 ~~D~~ E. Notwithstanding subsection B of this section, for tax years
28 2006, 2007 and 2008, the district may certify and the board of supervisors
29 shall levy a secondary property tax on the taxable property in the district
30 in an amount equal to the amount levied in tax year 2005.

31 Sec. 13. Section 48-4023.01, Arizona Revised Statutes, is amended to
32 read:

33 48-4023.01. Property tax levy for juvenile detention
34 facilities; limitation

35 A. If a majority of the qualified electors voting at an election held
36 pursuant to section 48-4021 ~~approves~~ APPROVE an ad valorem property tax for
37 the district that includes juvenile detention facilities or if a majority of
38 the qualified electors voting at an election held pursuant to section 48-4004
39 ~~approves~~ APPROVE the inclusion of juvenile detention facilities in a district
40 that was created by an election held pursuant to section 48-4021, the
41 district may impose an ad valorem property tax pursuant to this section. The
42 district shall certify to the county board of supervisors on or before the
43 third Monday in August of each year the amount of taxes to be levied in
44 addition to the levy in section 48-4023 for the taxable year on the taxable
45 property in the district. The amount certified together with unexpended

balances carried forward from the previous fiscal year and revenues from all other sources shall be the amount necessary to pay the maintenance and operation expenses of the district in carrying out this chapter in relation to juvenile detention facilities.

B. The board of supervisors may levy a secondary property tax on the taxable property in the district at the same time and in the same manner as county taxes are levied in an amount that is sufficient to provide the amount certified pursuant to subsection A of this section. The tax ~~rate~~ is limited to THE LESSER OF:

1. Ten cents per one hundred dollars of assessed valuation, except as provided in subsection ~~D~~ E of this section.

2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY IN THE PRECEDING TAX YEAR, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31, 2008, THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT AS APPROVED BY THE QUALIFIED ELECTORS PURSUANT TO SECTION 48-4021.

C. The tax revenues collected pursuant to this section shall be paid to the district treasurer for deposit in the county jail district general fund and shall be used solely for juvenile detention facilities.

~~C~~ D. The tax shall be levied on all of the taxable property in the district.

~~D~~ E. Notwithstanding subsection B of this section, for tax years 2006, 2007 and 2008, the district may certify and the board of supervisors shall levy a secondary property tax on the taxable property in the district in an amount equal to the amount levied in tax year 2005.

Sec. 14. Section 48-5805, Arizona Revised Statutes, is amended to read:

48-5805. Transaction privilege tax; property tax; limitation

A. The board of directors of the district by resolution may levy, and if levied, the department of revenue shall collect, a transaction privilege tax pursuant to this section to be used and spent for the purposes described in section 48-5804. The board shall set the rate of the tax at not more than two per cent of the tax rate that applies to each business in the district that is subject to taxation under title 42, chapter 5, article 1. The board shall levy the tax on each person engaging in the district in a business taxed under title 42, chapter 5, article 1.

B. Each month the state treasurer shall remit to the district treasurer the net revenues collected under subsection A of this section during the second preceding month. The district treasurer shall deposit the monies in the public health services district's accounts and shall account for all expenditures.

1 C. In lieu of a transaction privilege tax pursuant to subsection A of
2 this section, the board by resolution may levy in the same manner and at the
3 same time as other county secondary property taxes are levied a public health
4 services district tax. The tax shall not exceed THE LESSER OF:

5 1. Twenty-five cents per one hundred dollars of assessed valuation and
6 shall be levied on all property in the county and on all property within
7 incorporated cities and towns in the county.

8 2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY IN THE PRECEDING
9 TAX YEAR, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN
10 THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY
11 IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051.
12 THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE
13 MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES
14 THAT AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31,
15 2008, THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT PURSUANT
16 TO SECTION 48-5802, SUBSECTION B.

17 D. The district shall deposit all monies collected pursuant to this
18 subsection in a separate account and shall account for all expenditures.